

NEWS RELEASE

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GERDAU LAUNCHES ADDITIONAL \$70.3 MILLION CAPITAL INVESTMENT

AT MONROE, MICHIGAN, SPECIAL STEEL MILL

MONROE, Michigan – May 9, 2018 – Three years after completing a \$155.6 million capital investment at the same facility, Gerdau Special Steel North America is launching an additional \$70.3 million investment project at its Monroe, Michigan mill. This round of investment will include a new electric arc furnace (EAF) transformer, controls and mechanical upgrades in the EAF, and a new twin ladle furnace and material handling system.

“This project will upgrade our EAF and secondary refining technology and will be the final step to elevate the technological capability at Monroe to world class,” says Mark Marcucci, president of Gerdau Special Steel North America. “In addition, we will substantially improve our hot metal capacity, which will now fully optimize our previous investments.”

Recent corporate tax cuts combined with support from the City of Monroe and State of Michigan helped make this project possible. The project is subject to an exemption from the State Essential Services Assessment, which must be approved by the Michigan Strategic Fund board. “We appreciate the support we’ve received from both entities on the investments we’ve made to the facility these last five years and look forward to their continued support,” says Darrel Moore, vice president and general manager of the Monroe mill.

This project will conclude the planned enhancements to Monroe and is expected to be finished in December of 2020. Other upgrades to the mill included the installation of a new continuous caster in 2012, followed by a new twin-tank vacuum degasser, walking beam reheat furnace, six additional rolling mill stands and a new finishing building with bar straightening and advanced quality inspection equipment in 2015. The culmination of all these investments will increase Gerdau Monroe’s shipping capacity to 720,000 tons, a 180,000 ton increase from the current shipping capacity.

“Our further capital investments in the Monroe mill is a result of our confidence in the North American markets, as well as our continued commitment to support our customers, says Gerdau CEO Gustavo Werneck.

Gerdau Special Steel North America produces special bar quality steel for the automotive, commercial vehicle, agricultural, construction, distribution and energy markets. The division is headquartered in Jackson, Michigan and operates steel manufacturing plants in Jackson and Monroe, Michigan and Fort Smith, Arkansas with an additional heat treating facility in Huntington, Indiana. Gerdau Special Steel is a wholly owned subsidiary of Gerdau.

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About Gerdau

Gerdau is a leading producer of long steel in the Americas and one of the largest suppliers of special steel in the world. In Brazil, it also produces flat steel and iron ore, activities that are expanding its product mix and boosting its competitiveness. It is also the largest recycler in Latin America and transforms millions of tons of scrap every year into steel that is used around the world, reinforcing its commitment to sustainable development in the regions where it operates. Gerdau's shares are listed on the São Paulo, New York and Madrid stock exchanges.

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